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Summary

1. (SBU) Outgoing TNK-BP COO Tim Summers told the Ambassador on September 11 that his company's production would rise about 3% in 2009, that t

TNK-BP HAS BRIGHT FUTURE

2. (SBU) Outgoing TNK-BP COO Tim Summers and his successor, Bill Schrader (previously head of BP's Azerbaijan operations), told the Ambassador

3. (SBU) According to Summers, TNK-BP's financial performance has helped to smooth relations between BP and the Russian shareholders (AAR) --

4. (SBU) Summers said he was concerned, however, that at some point BP's role in TNK-BP will be questioned by the political leadership because

OPERATIONS

5. (SBU) Summers told us TNK-BP will spend about \$7 billion in the coming years moving from exploration to production in major fields in the Y

INEFFICIENCIES ABOUND

6. (SBU) Summers was less sanguine about the oil and gas

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sector as a whole. He indicated that built-in inefficiencies and government influence hamper the rational development of the, many parts of whi

7. (SBU) The inefficiencies in the system "are so huge," according to Summers, that it would take a very long time to modernize the Russian oi

8. (SBU) One way to get around the operational inefficiencies would be to have American oil-field service companies license and manufacture th

9. (SBU) In discussing the various difficulties facing the sector, Summers complained about the perennial problem of a lack of adequate access

CRISIS HAS NOT SOBERED GOR

10. (C) That transition, however, doesn't seem imminent. Responding to the Ambassador's inquiry about the GOR's posture toward foreign investm

11. (SBU) Summers said he believed "the moment had passed" for reform. He explained that the financial and economic pressures favoring reform

COMMENT

12. (SBU) Summers appears to be leaving behind a company in good shape, but in an industry that badly needs the

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modernizing influence of western companies and executives. Unfortunately, as Summers pointed out, the GOR, despite welcome words by some of its